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McDERMOTT, WILL & EMERY

SUITE 1201

1101 CONNECTICUT AVENUE, N.W.

WASHINGTON, D. C. 20036

FRANK E. BABB
CHARLES EMMET LUCEY
ROBERT F. SAGLE
JULIUS Y. YACKER*
THOMAS G. MAYS**
WILLIAM A. CERILLO
D. JANE DRENNAN
GARY L. RYAN
LAWSON W. TURNER, III**

202-223-9450

TELECOPIER 202-223-0335

111 WEST MONROE STREET
CHICAGO, ILLINOIS 60603
312-372-2000

700 BRICKELL AVENUE
MIAMI, FLORIDA 33131
305-358-6030

January 17, 1980

*Admitted in Illinois only
**Admitted in Virginia only

HAND DELIVER

Mrs. Mildred Lee
Recordation Unit
Interstate Commerce Commission
Washington, D. C.

Re: Recordation No. 9819

Dear Mrs. Lee:

Enclosed in connection with the captioned Recordation are an original and two copies of "AMENDMENT NO. 1 TO THE CHATTEL MORTGAGE DATED AS OF AUGUST 8, 1979 OF HON FINANCIAL CORPORATION II" and a check in the amount of \$10.00 payable to the Interstate Commerce Commission.

Please cause the above document to be filed as a supplement to the captioned Recordation.

Sincerely,

Gary L. Ryan
Gary L. Ryan

GLR:js

Enclosures

RECORDATION NO. 9819-~~10~~
JAN 18 1980-9 35 AM
INTERSTATE COMMERCE COMMISSION

0-018A019

11-
Date JAN 18 1980
Fee \$ 10.00

ICC Washington, D. C.

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JAN 18 9 33 AM '80
I.C.C.
FEE OPERATION BR.

*Counters -
Gary L. Ryan*

4819 - E
RECORDATION NO. Filed 1425

AUG 29 1979 - 3 20 PM

INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF LEASE

WHEREAS, HON FINANCIAL CORPORATION II, an Iowa corporation (herein called the Company), Rex Railways, Inc., a New Jersey corporation (herein called Rex) acting as the agent of the Company, and Vermont Railway, Inc., a Vermont corporation (herein called the Lessee), have entered into a lease (herein called the Lease) dated May 24, 1978, providing for the lease by the Company to the Lessee of 100 cars, therein described (herein referred to as the Cars); and

WHEREAS, the Lease was recorded pursuant to the provisions of Section 20c of the Interstate Commerce Act, as amended, and was assigned recordation numbers 9819, 9819A; and

WHEREAS, the Company has entered into a certain Chattel Mortgage (herein called the Mortgage) dated August 8, 1979 securing the various obligations of the Company defined in the Mortgage as "indebtedness hereby secured" to the Continental Illinois National Bank and Trust Company of Chicago, a national banking association (herein called the Mortgagee), and the Company has agreed to assign all of its right, title and interest in and to the Lease to Mortgagee as additional security for the obligations so defined in the Mortgage.

NOW, THEREFORE, for value received and upon the terms and conditions hereinafter set forth:

1. The Company, in order to secure the payment of all obligations of the Company defined in the Mortgage as "indebtedness hereby secured" and the performance and observance of all of its covenants and agreements in the Mortgage, in the Loan Agreement and the Guaranty (referred to in the Mortgage) and in this Assignment provided to be performed or observed by the Company, does hereby sell, assign, transfer and set over to Mortgagee all of the right, title and interest of the Company in and to the rentals and all other amounts payable by the Lessee, Rex or any other person, firm or corporation with respect to the Cars or under the Lease, except that any amount so payable shall continue to be paid to and received by the Company until and unless Mortgagee or its successors or the Company shall notify the Lessee or any successor to its interest that an Event of Default has occurred under the terms and provisions of the Mortgage (as therein defined) and that the payments are thereafter to be made to Mortgagee, or its successors; and in furtherance of this Assignment and transfer, the Company does hereby authorize and empower Mortgagee in the event of notice

of a default as aforesaid, in its own name to sue for, collect, receive and enforce all payments to be made to the Company or to Rex by the Lessee under and in compliance on the part of the Lessee with the terms and provisions of the Lease, to exercise all of the rights of the Company under any of the provisions of the Lease including, without limitation, the right to terminate or renew, and in its discretion to take any action under the Lease or with respect to the Cars as the Company could have taken thereunder if it had not assigned and transferred its rights therein, provided that nothing herein shall obligate Mortgagee to take any action under the Lease or in respect of the Cars.

2. The Company hereby warrants and covenants (a) that on the date hereof title to the Cars and the Lease (subject to this Assignment and the rights of the Lessee under the Lease) is vested in the Company, that it has good and lawful right to grant a security interest in the Cars and to assign the Lease as provided in the Mortgage and herein and that its right and title thereto is free from all liens and encumbrances, (excepting only liens for ad valorem taxes not now in default and the rights of Rex pursuant to Section 10 of the Management Agreement (as defined in the Mortgage)) subject, however, in each case to the rights of the Lessee under the Lease and to the rights of the assignee hereunder; and (b) that notwithstanding this Assignment, it will perform and comply or cause Rex to perform or comply with each and all of the covenants and conditions in the Lease set forth to be complied with by the Company. The Company will cause notice of this Assignment forthwith to be given to the Lessee (together with a copy of this Assignment).

3. The Company represents and warrants that the Lease has been duly authorized and executed by Rex as its agent, that it authorized and ratified the execution and it covenants that it will, from time to time, at the request of Mortgagee, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as Mortgagee may reasonably request to give effect to the provisions hereof and to confirm the right, title and interest hereby assigned and transferred to Mortgagee or intended so to be.

4. Pursuant to the terms of the Mortgage and this Assignment, the Company shall not without the prior consent of Mortgagee:

(a) terminate, modify or accept a surrender of, or offer or agree to any termination, modification, or surrender of, the Lease (except as otherwise expressly provided in the Mortgage) or allow Rex to do so, or by affirmative act consent to the creation or existence of any security interest or other lien to secure the

payment of indebtedness upon the leasehold estate of the Company created by the Lease; or

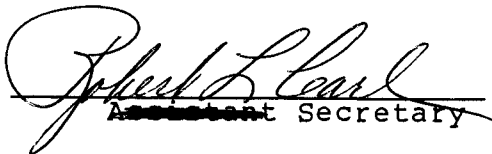
(b) receive or collect or permit the receipt or collection of any rental payment under the Lease prior to the date for payment thereof provided for by the Lease (except as required by the Management Agreement) or assign, transfer or hypothecate (other than to the Mortgagee under the Mortgage) any rent payment then due or to accrue in the future under the Lease in respect of the Cars; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to Mortgagee under the Mortgage) its interest in the Cars or any part thereof or in any amount to be received by it from the use or disposition of the Cars.

5. When the Credit (as defined in the Loan Agreement, dated as of August 8, 1979 among HON FINANCIAL CORPORATION I, the Company and the Mortgagee) has terminated, and upon full discharge and satisfaction of all indebtedness secured by the Mortgage, the assignment made hereby shall terminate and all estate, right, title and interest of Mortgagee in and to the Lease shall cease and revert to the Company. Mortgagee agrees that upon termination of said Credit and satisfaction of the indebtedness as aforesaid, it will execute and deliver to the Company a release or reassignment of its interest hereunder as the Company may request.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its proper officers thereunto duly authorized as of the 8th day of August, 1979.

ATTEST:


Assistant Secretary

HON FINANCIAL CORPORATION II

By 
Vice President

ACCEPTED:

CONTINENTAL ILLINOIS NATIONAL
BANK AND TRUST COMPANY OF CHICAGO,
as Mortgagee

ATTEST:


Operations Officer

By 
Vice President

REX claims no interest as lessor in the HFCII lease.

ATTEST:

REX RAILWAYS, INC.


Assistant Secretary

By 
Vice President

State of Iowa)
County of Muscatine) SS.

On this 21st day of August, 1979, before me personally appeared Stanley M. Howe and Robert S. Carl to me personally known, who being by me duly sworn, say that they are, respectively, the Vice President and Assistant Secretary of HON FINANCIAL CORPORATION II, an Iowa corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and that they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Karen Badgett
Notary Public

My Commission expires 9/30/79

State of New Jersey)
County of Bergen) SS.

On this 24th day of August, 1979, before me personally appeared Mark A. Haliton and Doris Wilson to me personally known, who being by me duly sworn, say that they are, respectively, the Vice President and Assistant Secretary of REX RAILWAYS, INC., a New Jersey corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and that they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Rubin Schertz
Notary Public

My Commission expires _____

RUBIN SCHERTZ
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires May 4, 1982

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

On this 17th day of August, 1979, before me
personally appeared E. A. Williamson
and J. Bigelow
to me personally known, who being by me duly sworn, say that
they are, respectively, the Vice President and Operations Officer
of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF
CHICAGO, a national banking association, that the seal affixed
to the foregoing instrument is the corporate seal of said
association, that said instrument was signed and sealed on behalf
of said association by authority of its Board of Directors,
and they acknowledged that the execution of the foregoing
instrument was the free act and deed of said association.

Deborah L. Hudrek
Notary Public

My Commission expires My Commission Expires April 24, 1982